



THE CITY OF SAN DIEGO
MANAGER'S REPORT

DATE ISSUED: November 26, 2003 REPORT NO. 03-243

ATTENTION: Land Use & Housing Committee
Docket of December 3, 2003

SUBJECT: Pacific Highlands Ranch (Subarea III) Public Facilities Financing Plan
and Facilities Benefit Assessment

REFERENCE: "Pacific Highlands Ranch Public Facilities Financing Plan and Facilities
Benefit Assessment, Fiscal Year 2004," November 2003 Draft

SUMMARY

Issues - Should the Council: 1) adopt the Pacific Highlands Ranch Public Facilities Financing Plan (PFFP) for Fiscal Year 2004; 2) adopt a Resolution of Intention to designate an area of benefit for Facilities Benefit Assessments (FBA) in Pacific Highlands Ranch (Subarea III); 3) adopt a Resolution of Designation; and 4) approve the setting of Development Impact Fees (DIF) consistent with the FBA in Pacific Highlands Ranch for those developments which have never been assessed or otherwise agreed to pay an FBA.

Manager's Recommendation – Adopt the four resolutions.

Planning Commission Recommendation – None.

Community Planning Group Recommendation – There is no established planning group in Pacific Highlands Ranch.

Environmental Impact – The City of San Diego, as lead agency, has prepared and completed Environmental Impact Report (EIR) No. 96-7918 and Mitigation, Monitoring, and Reporting Program for the Pacific Highlands Ranch Subarea Plan, which covers this action. The City Council shall review and consider the previously certified EIR prior to adoption of the Resolution of Intention.

Fiscal Impact – Approval of this Public Facilities Financing Plan (PFFP) and Facilities Benefit Assessment will continue to provide a funding source for the public facilities identified in the subarea plan.

Code Enforcement Impact – None by this action.

Business Impact Statement – The proposed assessments in the Pacific Highlands Ranch area are higher than the existing assessments, but failure to assure the required infrastructure would have an adverse impact on the development of the area.

BACKGROUND

Council Policy 600-36 calls for an annual review of all existing Facilities Benefit Assessments. This is the annual review and will serve as the basis for the Capital Improvement Program as it pertains to programming FBA funds in Pacific Highlands Ranch (Subarea III) over the next fiscal year period. The most recent review of the Pacific Highlands Ranch Public Facilities Financing Plan and Facilities Benefit Assessment was approved by Council on June 25, 2002, by Resolution R-296730. This Public Facilities Financing Plan and Facilities Benefit Assessment is a revision and update to the Fiscal Year 2003 plan.

DISCUSSION

The Public Facilities Financing Plan details the public facilities that will be needed through the ultimate development of the Pacific Highlands Ranch area which is presently estimated to be by the year 2016. Pacific Highlands Ranch is an area in the early stages of development, with most of the community facilities remaining to be provided. Facilities needs have been determined based on what will be required by the projected population of Pacific Highlands Ranch at build-out. The facilities required include a library, fire station, police station (located in Carmel Valley), a community park and two neighborhood parks, numerous trails, and major transportation facilities. Many of the facilities listed are located in and shared with neighboring community planning areas as identified in the respective project descriptions. Cost allocations have been made based on planned development limits.

The Del Mar Highlands Estates subdivision continues to have its own assessment category based on the separate level of benefit it will derive from the various transportation improvements.

The revised Financing Plan for development in Pacific Highlands Ranch identifies total remaining project needs estimated at \$575,831,526. The funding sources for these projects are broken down as follows:

AMOUNT	FUNDING SOURCE	PERCENTAGE of TOTAL
\$103,393,850	Assessments (FBA)	17.9%
\$27,928,255	Developer/Subdivider	4.9%
\$444,509,421	Other	77.2%

The proposed assessments for Fiscal Year 2004 are as follows:

LAND USE	CURRENT ASSESSMENT (a)	PROPOSED ASSESSMENT (b) PER UNIT/ACRE for FY 2004
SINGLE FAMILY UNITS	\$20,795	\$21,877
MULTI-FAMILY UNITS	\$14,557	\$15,314
DEL MAR HIGHLAND	\$14,141	\$14,877
VILLAGE ACRES	\$167,776	\$176,506
INSTITUTIONAL ACRES	\$59,653	\$62,757
EMPLOYMENT CENTER	\$111,850	\$117,670

The proposed assessment for the remainder of Fiscal Year 2004 is based on estimated costs of facilities to be funded by this program, increased by an inflation factor of 5 percent to the year of construction. It also takes into account cash on hand using a 3 percent interest rate. The goal of the FBA is to insure that funds will be available in sufficient amounts to provide community facilities when needed.

Council has previously directed that the same assessment rates are appropriate Development Impact Fees for all properties in Pacific Highlands Ranch that have never been assessed or otherwise agreed to pay Facilities Benefit Assessments. Therefore, it is recommended that the above proposed Fiscal Year 2004 Assessments also be adopted as Development Impact Fees for Pacific Highlands Ranch (see Exhibit A). The Facilities Benefit Assessment will be collected at the building permit issuance stage of development and deposited into a special interest earning account for Pacific Highlands Ranch. Annually, the Council receives a status report on the program and authorizes the appropriation of funds for construction of facilities which are programmed for the next fiscal year in the Capital Improvements Program budget.

The Pacific Highlands Ranch Transportation Phasing Plan limits development in the planning area until certain transportation improvements are assured. It is included as an appendix to the PFFP.

The proposed Resolution of Intention will set a date for a public hearing on the Facilities Benefit Assessment. Prior to the public hearing, mailed notice will be given to all affected property owners within the proposed area of designation of the date of the hearing and their right to file a protest with the City Clerk prior to the start of the hearing. Notice will also be given by publication of the Resolution of Intention in the City's official newspaper. Unless overruled by a four-fifths vote of the Council, written protests by owners of more than one-half of the area of the property proposed to be included within the Area of Benefit shall cause the proceedings to be abandoned. A letter advising of today's meeting was mailed to all property owners as shown on the last assessment roll, or otherwise known to staff.

ALTERNATIVES

Do not approve the proposed Public Facilities Financing Plan and Facilities Benefit Assessment or the setting of Development Impact Fees. This is not recommended because the new fees will insure that new development contributes its proportional share for new facilities identified in the community plan. In the absence of these fees, alternative sources would have to be identified to fund the share of the identified facilities attributable to new development.

Respectfully submitted,

S. Gail Goldberg, AICP
Planning Director

Approved: P. Lamont Ewell
Assistant City Manager

GOLDBERG/FVJ

Attachments: 1. Draft FY 2004 Pacific Highlands Ranch Public Facilities Financing Plan,
November 2003

Note: Due to the size of the attachment, only a limited distribution was made. A copy is available for review in the Office of the City Clerk.

**PACIFIC HIGHLANDS RANCH PUBLIC FACILITIES FINANCING PLAN
(Development Impact Fee Analysis)**

- 1) What is the purpose of the Impact Fee? – The proposed Impact Fees are to ensure that redevelopment provides its fair share funding for community public facilities.
- 2) What is the use to which the fee is to be applied? – The Impact Fees will be used to finance transportation, park, fire, library, water, sewer, police and open space facilities. A list of the public facilities projects begins on page 33 of the Pacific Highlands Ranch Public Facilities Financing Plan.
- 3) What is the reasonable relationship between the fee's use and the type of development project on which the fee is imposed? – The Impact Fees will be used to provide for a fair share contribution for community infrastructure projects needed to serve both residential and non-residential development based on the increased intensity of their development. Credit will be given for any existing development.
- 4) What is the reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed?
 - Transportation Projects: Both residential development and non-residential development utilize the communities' transportation system which requires various street projects, traffic signal interconnect systems, landscaping and medians.
 - Park and Recreation Projects: Residential development utilizes the communities' parks and improvements are necessary based on the population build-out and the General Plan standards to maintain the existing levels of service.
 - Fire Projects: Both residential and non-residential development utilizes fire department services and a new station is necessary based on the population build-out to maintain the existing levels of service.
 - Police Projects: Both residential and non-residential development utilizes police department services and a new station is necessary based on the population build-out to maintain the existing levels of service.
 - Water and Sewer Lines: Both residential and non-residential development utilizes water and sewer lines and new or expanded lines are necessary based on the population build-out to maintain the existing levels of service.
 - Library Projects: Residential development utilizes the community libraries and expansions are necessary based on the population build-out and the General Plan standards to maintain the existing levels of service.